



Texas Department of Insurance

Division of Workers' Compensation

Medical Fee Dispute Resolution, MS-48

7551 Metro Center Drive, Suite 100 • Austin, Texas 78744-1645

512-804-4000 telephone • 512-804-4811 fax • www.tdi.texas.gov

MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

GENERAL INFORMATION

Requestor Name and Address

NORTHWEST TX HEALTHCARE SYS
1202 LAKE WOODLANDS DR STE 4024
THE WOODLANDS TX 77380-5010

Respondent Name

Indemnity Insurance Co of North America

Carrier's Austin Representative Box

Box Number 15

MFDR Tracking Number

M4-11-3335-01

MFDR Date Received

June 2, 2011

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "Claim underpaid due to Sedgwick BUNDLING THE CHARGES. APC RATE ALLOWS 2,132.99 X 200%= 4,264.00"

Amount in Dispute: \$1380.80

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: "Reimbursement for the date of service in dispute was made pursuant to the outpatient fee schedule and was paid accordingly. No additional reimbursement appears to be owed."

Response Submitted by: Downs • Stanford, P.C.

SUMMARY OF FINDINGS

Date(s) of Service	Disputed Services	Amount In Dispute	Amount Due
June 7, 2010	Outpatient Hospital Services	\$1,380.80	\$1,369.15

FINDINGS AND DECISION

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and all applicable, adopted rules of the Texas Department of Insurance, Division of Workers' Compensation.

Background

1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
2. 28 Texas Administrative Code §134.403, titled *Hospital Facility Fee Guideline – Outpatient*, sets out the reimbursement guidelines for facility services provided in an outpatient acute care hospital.
3. 28 Texas Administrative Code §134.203, titled *Medical Fee Guideline for Professional Services*, sets out the reimbursement guidelines for professional medical services.
4. The services in dispute were reduced/denied by the respondent with the following reason codes:

Explanation of benefits dated June 30, 2010

- 170 – REIMBURSEMENT IS BASED ON THE OUTPATIENT/INPATIENT FEE SCHEDULE.
- 243 – THE CHARGE FOR THIS PROCEDURE WAS NOT PAID SINCE THE VALUE OF THIS PROCEDURE IS INCLUDED/BUNDLED WITHIN THE VALUE OF ANOTHER PROCEDURE PERFORMED.
- 56 – SIGNIFICANT, SEPARATELY IDENTIFIABLE E/M SERVICE RENDERED.
- 802 – CHARGE FOR THIS PROCEDURE EXCEEDS THE OPPTS SCHEDULE ALLOWANCE.
- 97 – PAYMENT ADJUSTED BECAUSE THE BENEFIT FOR THIS SERVICE IS INCLUDED IN THE PAYMENT/ALLOWANCE FOR ANOTHER SERVICE/PROCEDURE THAT HAS ALREADY BEEN ADJUDICATED.

Explanation of benefits dated July 28, 2010

- W1 – WORKERS COMPENSATION STATE FEE SCHEDULE ADJUSTMENT

Explanation of benefits dated December 7, 2010

- 18 – DUPLICATE CLAIM/SERVICE.
- 247 – A PAYMENT OR DENIAL HAS ALREADY BEEN RECOMMENDED FOR THIS SERVICE.
- W1 – WORKERS COMPENSATION STATE FEE SCHEDULE ADJUSTMENT

Issues

1. Are the disputed services subject to a contractual agreement between the parties to this dispute?
2. What is the applicable rule for determining reimbursement for the disputed services?
3. What is the recommended payment amount for the services in dispute?
4. Is the requestor entitled to reimbursement?

Findings

1. Review of the submitted documentation finds no information to support that the disputed services are subject to a contractual agreement between the parties to this dispute.
2. This dispute relates to facility services performed in an outpatient hospital setting with reimbursement subject to the provisions of 28 Texas Administrative Code §134.403, which requires that the reimbursement calculation used for establishing the maximum allowable reimbursement (MAR) shall be the Medicare facility specific amount, including outlier payment amounts, determined by applying the most recently adopted and effective Medicare Outpatient Prospective Payment System (OPPS) reimbursement formula and factors as published annually in the Federal Register with the application of minimal modifications as set forth in the rule. Per §134.403(f)(1), the sum of the Medicare facility specific reimbursement amount and any applicable outlier payment amount shall be multiplied by 200 percent, unless a facility or surgical implant provider requests separate reimbursement of implantables. Review of the submitted documentation finds that separate reimbursement for implantables was not requested.
3. Under the Medicare Outpatient Prospective Payment System (OPPS), each billed service is assigned an Ambulatory Payment Classification (APC) based on the procedure code used, the supporting documentation and the other services that appear on the bill. A payment rate is established for each APC. Depending on the services provided, hospitals may be paid for more than one APC per encounter. Payment for ancillary and supportive items and services, including services that are billed without procedure codes, is packaged into payment for the primary service. A full list of APCs is published quarterly in the OPPS final rules which are publicly available through the Centers for Medicare and Medicaid Services (CMS) website. Reimbursement for the disputed services is calculated as follows:
 - Procedure code 36415 has a status indicator of A, which denotes services paid under a fee schedule or payment system other than OPPS. Per 28 Texas Administrative Code §134.403(h), for outpatient services for which Medicare reimburses using fee schedules other than OPPS, reimbursement is made using the applicable Division fee guideline in effect for that service on the date the service was provided. Facility payment for the technical component of this service is calculated according to the Medical Fee Guideline for Professional Services, §134.203(e)(1). The fee listed for this code in the Medicare Clinical Fee Schedule is \$3.00. 125% of this amount is \$3.75. The recommended payment is \$3.75.
 - Procedure code 80053 has a status indicator of A, which denotes services paid under a fee schedule or payment system other than OPPS. Per 28 Texas Administrative Code §134.403(h), for outpatient services for which Medicare reimburses using fee schedules other than OPPS, reimbursement is made using the applicable Division fee guideline in effect for that service on the date the service was provided. Facility payment for the technical component of this service is calculated according to the Medical Fee Guideline for Professional Services, §134.203(e)(1). The fee listed for this code in the Medicare Clinical Fee Schedule is \$15.14. 125% of this amount is \$18.93. The recommended payment is \$18.93.

- Procedure code 86850 has a status indicator of X, which denotes ancillary services paid under OPSS with separate APC payment. These services are classified under APC 0345, which, per OPSS Addendum A, has a payment rate of \$14.80. This amount multiplied by 60% yields an unadjusted labor-related amount of \$8.88. This amount multiplied by the annual wage index for this facility of 0.8594 yields an adjusted labor-related amount of \$7.63. The non-labor related portion is 40% of the APC rate or \$5.92. The sum of the labor and non-labor related amounts is \$13.55. The cost of these services does not exceed the annual fixed-dollar threshold of \$2,175. The outlier payment amount is \$0. The total APC payment for this line is \$13.55. This amount multiplied by 200% yields a MAR of \$27.10.
- Procedure code 86900 has a status indicator of X, which denotes ancillary services paid under OPSS with separate APC payment. These services are classified under APC 0409, which, per OPSS Addendum A, has a payment rate of \$7.83. This amount multiplied by 60% yields an unadjusted labor-related amount of \$4.70. This amount multiplied by the annual wage index for this facility of 0.8594 yields an adjusted labor-related amount of \$4.04. The non-labor related portion is 40% of the APC rate or \$3.13. The sum of the labor and non-labor related amounts is \$7.17. The cost of these services does not exceed the annual fixed-dollar threshold of \$2,175. The outlier payment amount is \$0. The total APC payment for this line is \$7.17. This amount multiplied by 200% yields a MAR of \$14.34.
- Procedure code 86901 has a status indicator of X, which denotes ancillary services paid under OPSS with separate APC payment. These services are classified under APC 0409, which, per OPSS Addendum A, has a payment rate of \$7.83. This amount multiplied by 60% yields an unadjusted labor-related amount of \$4.70. This amount multiplied by the annual wage index for this facility of 0.8594 yields an adjusted labor-related amount of \$4.04. The non-labor related portion is 40% of the APC rate or \$3.13. The sum of the labor and non-labor related amounts is \$7.17. The cost of these services does not exceed the annual fixed-dollar threshold of \$2,175. The outlier payment amount is \$0. The total APC payment for this line is \$7.17. This amount multiplied by 200% yields a MAR of \$14.34.
- Procedure code 85025 has a status indicator of A, which denotes services paid under a fee schedule or payment system other than OPSS. Per 28 Texas Administrative Code §134.403(h), for outpatient services for which Medicare reimburses using fee schedules other than OPSS, reimbursement is made using the applicable Division fee guideline in effect for that service on the date the service was provided. Facility payment for the technical component of this service is calculated according to the Medical Fee Guideline for Professional Services, §134.203(e)(1). The fee listed for this code in the Medicare Clinical Fee Schedule is \$11.14. 125% of this amount is \$13.93. The recommended payment is \$13.93.
- Procedure code 85610 has a status indicator of A, which denotes services paid under a fee schedule or payment system other than OPSS. Per 28 Texas Administrative Code §134.403(h), for outpatient services for which Medicare reimburses using fee schedules other than OPSS, reimbursement is made using the applicable Division fee guideline in effect for that service on the date the service was provided. Facility payment for the technical component of this service is calculated according to the Medical Fee Guideline for Professional Services, §134.203(e)(1). The fee listed for this code in the Medicare Clinical Fee Schedule is \$5.62. 125% of this amount is \$7.02. The recommended payment is \$7.02.
- Procedure code 85730 has a status indicator of A, which denotes services paid under a fee schedule or payment system other than OPSS. Per 28 Texas Administrative Code §134.403(h), for outpatient services for which Medicare reimburses using fee schedules other than OPSS, reimbursement is made using the applicable Division fee guideline in effect for that service on the date the service was provided. Facility payment for the technical component of this service is calculated according to the Medical Fee Guideline for Professional Services, §134.203(e)(1). The fee listed for this code in the Medicare Clinical Fee Schedule is \$8.60. 125% of this amount is \$10.75. The recommended payment is \$10.75.
- Procedure code 81001 has a status indicator of A, which denotes services paid under a fee schedule or payment system other than OPSS. Per 28 Texas Administrative Code §134.403(h), for outpatient services for which Medicare reimburses using fee schedules other than OPSS, reimbursement is made using the applicable Division fee guideline in effect for that service on the date the service was provided. Facility payment for the technical component of this service is calculated according to the Medical Fee Guideline for Professional Services, §134.203(e)(1). The fee listed for this code in the Medicare Clinical Fee Schedule is \$4.54. 125% of this amount is \$5.67. The recommended payment is \$5.67.
- Procedure code 71010 has a status indicator of X, which denotes ancillary services paid under OPSS with separate APC payment. These services are classified under APC 0260, which, per OPSS Addendum A, has a payment rate of \$44.90. This amount multiplied by 60% yields an unadjusted labor-related amount of \$26.94. This amount multiplied by the annual wage index for this facility of 0.8594 yields an adjusted labor-related amount of \$23.15. The non-labor related portion is 40% of the APC rate or \$17.96. The sum of the labor and non-labor related amounts is \$41.11. The cost of these services does not exceed the annual fixed-dollar threshold of \$2,175. The outlier payment amount is \$0. The total APC payment for this line is \$41.11. This amount multiplied by 200% yields a MAR of \$82.22.

- Procedure code 72170 has a status indicator of X, which denotes ancillary services paid under OPSS with separate APC payment. These services are classified under APC 0260, which, per OPSS Addendum A, has a payment rate of \$44.90. This amount multiplied by 60% yields an unadjusted labor-related amount of \$26.94. This amount multiplied by the annual wage index for this facility of 0.8594 yields an adjusted labor-related amount of \$23.15. The non-labor related portion is 40% of the APC rate or \$17.96. The sum of the labor and non-labor related amounts is \$41.11. The cost of these services does not exceed the annual fixed-dollar threshold of \$2,175. The outlier payment amount is \$0. The total APC payment for this line is \$41.11. This amount multiplied by 200% yields a MAR of \$82.22.
 - Procedure code 99284 has a status indicator of Q3, which denotes conditionally packaged codes that may be paid through a composite APC. A service that is assigned to a composite APC is a major component of a single episode of care. The hospital receives one payment through a composite APC for multiple major separately identifiable services. Payment for any combination of designated procedures performed on the same date is packaged into a single payment. If OPSS criteria are met, this service is assigned to composite APC 8003. Review of the submitted information finds that the criteria for composite payment have not been met. Separate payment is allowed. This line is assigned status indicator V, which denotes a clinic or emergency department visit paid under OPSS with separate APC payment. These services are classified under APC 0615, which, per OPSS Addendum A, has a payment rate of \$223.17. This amount multiplied by 60% yields an unadjusted labor-related amount of \$133.90. This amount multiplied by the annual wage index for this facility of 0.8594 yields an adjusted labor-related amount of \$115.07. The non-labor related portion is 40% of the APC rate or \$89.27. The sum of the labor and non-labor related amounts is \$204.34. The cost of these services does not exceed the annual fixed-dollar threshold of \$2,175. The outlier payment amount is \$0. The total APC payment for this line is \$204.34. This amount multiplied by 200% yields a MAR of \$408.68.
 - Procedure code Q9967 has a status indicator of N, which denotes packaged items and services with no separate APC payment; payment is packaged into the reimbursement for other services, including outliers.
 - Procedure code 70450, 71260, 72125, 72193, and 74160 have a status indicator of Q3, which denotes conditionally packaged codes that may be paid through a composite APC. A service that is assigned to a composite APC is a major component of a single episode of care. The hospital receives one payment through a composite APC for multiple major separately identifiable services. Payment for any combination of designated procedures performed on the same date is packaged into a single payment. These services are assigned to composite APC 8006, for computed tomography (CT) services including contrast. If a "without contrast" CT procedure is performed on the same date of service as a "with contrast" CT, APC 8006 is assigned rather than APC 8005. If a claim includes a composite payment that pays for more than one otherwise separately paid service, the charges for all services included in the composite are summed up to one line. To determine outlier payments, a single cost for the composite APC is estimated from the summarized charges. Total packaged cost is allocated to the composite line-item in proportion to other separately paid services on the claim. This line is assigned status indicator S, which denotes a significant procedure, not subject to multiple-procedure discounting, paid under OPSS with separate APC payment. These services are classified under APC 8006, which, per OPSS Addendum A, has a payment rate of \$628.49. This amount multiplied by 60% yields an unadjusted labor-related amount of \$377.09. This amount multiplied by the annual wage index for this facility of 0.8594 yields an adjusted labor-related amount of \$324.07. The non-labor related portion is 40% of the APC rate or \$251.40. The sum of the labor and non-labor related amounts is \$575.47. Per 42 Code of Federal Regulations §419.43(d) and Medicare Claims Processing Manual, CMS Publication 100-04, Chapter 4, §10.7.1, if the total cost for a service exceeds 1.75 times the OPSS payment and also exceeds the annual fixed-dollar threshold of \$2,175, the outlier payment is 50% of the amount by which the cost exceeds 1.75 times the OPSS payment. Per the OPSS Facility-Specific Impacts file, CMS lists the cost-to-charge ratio for this provider as 0.264. This ratio multiplied by the billed charge of \$14,029.00 yields a cost of \$3,703.66. The total cost of all packaged items is allocated proportionately across all separately paid OPSS services based on the percentage of the total APC payment. The APC payment for these services of \$575.47 divided by the sum of all APC payments is 64.67%. The sum of all packaged costs is \$124.32. The allocated portion of packaged costs is \$80.39. This amount added to the service cost yields a total cost of \$3,784.05. The cost of these services exceeds the annual fixed-dollar threshold of \$2,175. The amount by which the cost exceeds 1.75 times the OPSS payment is \$2,776.98. 50% of this amount is \$1,388.49. The total APC payment for this line, including outlier payment, is \$1,963.96. This amount multiplied by 200% yields a MAR of \$3,927.92.
4. The total allowable reimbursement for the services in dispute is \$4,616.87. This amount less the amount previously paid by the insurance carrier of \$3,247.72 leaves an amount due to the requestor of \$1,369.15. This amount is recommended.

Conclusion

For the reasons stated above, the Division finds that the requestor has established that additional reimbursement is due. As a result, the amount ordered is \$1, 1,369.15.

ORDER

Based upon the documentation submitted by the parties and in accordance with the provisions of Texas Labor Code Sections 413.031 and 413.019 (if applicable), the Division has determined that the requestor is entitled to additional reimbursement for the services involved in this dispute. The Division hereby **ORDERS** the respondent to remit to the requestor the amount of \$1,369.15, plus applicable accrued interest per 28 Texas Administrative Code §134.130, due within 30 days of receipt of this order.

Authorized Signature

_____	_____	_____ April , 2013
Signature	Medical Fee Dispute Resolution Officer	Date

YOUR RIGHT TO APPEAL

Either party to this medical fee dispute may appeal this decision by requesting a contested case hearing. A completed **Request for a Medical Contested Case Hearing** (form **DWC045A**) must be received by the DWC Chief Clerk of Proceedings within **twenty** days of your receipt of this decision. A request for hearing should be sent to: Chief Clerk of Proceedings, Texas Department of Insurance, Division of Workers Compensation, P.O. Box 17787, Austin, Texas, 78744. The party seeking review of the MDR decision shall deliver a copy of the request for a hearing to all other parties involved in the dispute at the same time the request is filed with the Division. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision* together with any other required information specified in 28 Texas Administrative Code §148.3(c), including a **certificate of service demonstrating that the request has been sent to the other party.****

Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.